
TITLE 170 INDIANA UTILITY REGULATORY COMMISSION

Emergency Rule
LSA Document #21-538(E)

DIGEST

Adds [170 IAC 4-10](#) regarding procedures and guidelines for cost securitization of certain electric utility assets. Effective January 1, 2022.

[170 IAC 4-10](#)

SECTION 1. [170 IAC 4-10](#) IS ADDED AS FOLLOWS:

Rule 10. Cost Securitization for Retired Electric Utility Assets

[170 IAC 4-10-1](#) Policy and scope

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-40.5](#)

Sec. 1. This rule is intended to establish procedures and guidelines for cost securitization for qualified costs under [IC 8-1-40.5](#).

(Indiana Utility Regulatory Commission; [170 IAC 4-10-1](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

[170 IAC 4-10-2](#) Applicability under [IC 8-1-40.5](#)

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-40.5](#)

Sec. 2. This rule applies to any electric utility, as defined under [IC 8-1-40.5-3](#), that meets the threshold for qualified costs pursuant to [IC 8-1-40.5-10\(a\)](#).

(Indiana Utility Regulatory Commission; [170 IAC 4-10-2](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

[170 IAC 4-10-3](#) No change to other commission processes

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-40.5](#)

Sec. 3. This rule does not replace other commission requirements, including, but not limited to:

- (1) a proceeding requesting a certificate of public convenience and necessity; and**
- (2) the commission's rule [170 IAC 4-7](#) regarding integrated resource planning.**

(Indiana Utility Regulatory Commission; [170 IAC 4-10-3](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

[170 IAC 4-10-4](#) Definitions

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-1.1](#); [IC 8-1-40.5](#)

Sec. 4. (a) The definitions in [IC 8-1-40.5](#) and this section apply throughout this rule.

(b) "Case-in-chief" means the evidence and documentation provided by the utility in support of its petition, including, but not limited to, those listed in subsection 5(c) below [section 5(c) of this rule].

(c) "Commission" means the Indiana utility regulatory commission.

(d) "OUCC" means the Indiana office of utility consumer counselor established under [IC 8-1-1.1](#).

(e) "Removal costs" mean those costs:

- (1) incurred, or expected to be incurred, to physically remove retired utility generation facilities; and
- (2) that have not already been recovered from customers.

(f) "Restoration costs" mean those costs found to be just and reasonable by the commission, which:

- (1) have not been recovered from customers; and
- (2) are incurred or expected to be incurred to restore the site of retired utility generation facilities to a reasonable state as determined by applicable law.

(Indiana Utility Regulatory Commission; [170 IAC 4-10-4](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

[170 IAC 4-10-5](#) Petition and case-in-chief

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-40.5](#)

Sec. 5. (a) An electric utility seeking to securitize costs for retired electric utility generation assets shall file its petition and its case-in-chief on the same day. The 240 day timeline in [IC 8-1-40.5-10\(b\)](#) does not start until the case-in-chief is filed.

(b) The electric utility's petition shall contain, at a minimum, the following:

- (1) The best estimate of the amount and terms of the proposed securitization.
- (2) The best estimate of the proposed term in years of the securitization bonds.
- (3) The best estimate of the total jurisdictional rate base at time synchronized with the best estimate of qualified costs at time of bond issuance.
- (4) An executive summary of the request.

(c) The electric utility's case-in-chief shall contain, at a minimum, the following:

- (1) An estimate of the electric utility's total proposed qualified costs, together with descriptions and schedules of the proposed qualified costs to be subject to the securitization, including linking or mapping the proposed qualified costs to the costs currently included in utility rates, as applicable. Any Excel worksheets shall also be submitted with the formulas intact.
- (2) Schedule(s) comparing the net present value of the total of the proposed securitization charges with the net present value of the recovery of the qualified costs through traditional ratemaking, over a period not to exceed twenty (20) years. Such schedules shall:
 - (A) identify the assumption(s) utilized in the net present value analysis; and
 - (B) include evidence supporting the assumption(s).Any Excel worksheets shall also be submitted with the formulas intact.
- (3) Identification and list of the specific electric utility generation assets to be retired for which securitization is being requested, together with a calculation of the net original cost of the assets adjusted for depreciation to be incurred until the facility is retired.
- (4) Proposed process to accomplish the requirements of [IC 8-1-40.5-12\(c\)](#), including a demonstration that the proposed securitization charges are expected to be sufficient to timely provide all payments on:
 - (A) debt service; and
 - (B) other required amounts and charges in connection with the securitization bonds.
- (5) Evidence describing:
 - (A) the use of the securitization bonds proceeds; and
 - (B) accounting entries;at receipt of bond proceeds.
- (6) Description of the proposed mechanism to reduce the electric utility's base rates and charges upon assessment of the securitization charges on customer bills, so as to remove any costs associated

with the qualified costs that are reflected in the electric utility's retail rates at the time the petition is filed.

(7) Tariffs for:

(A) securitization charges; and

(B) any credits or rate reductions required to remove qualified costs from existing rates.

Work papers utilized in determining such tariffs shall be submitted to the commission and provided to participating parties.

(8) Description of:

(A) current and anticipated market conditions; and

(B) expected bond structure, including a sensitivity analysis showing various bond rates and maturities, along with the corresponding estimated savings for ratepayers.

(9) Evidence of the anticipated costs incurred to:

(A) issue; and

(B) maintain;

the securitization bonds.

(10) Proposed plan for capital investment in Indiana, with justification of any plan investment that is not identified as a clean energy resource.

(11) Schedules and supporting documentation for estimated numbers relied upon to support the case-in-chief, including assumptions used in any net present value calculation.

(12) A description of:

(A) any debt or equity securities to be refinanced or retired; and

(B) estimated redemption premiums, if any;

including previously issued securitization bonds.

(13) A copy of any:

(A) contract;

(B) agreement; or

(C) arrangement;

that is proposed or has been made, or examples of such documents, for the sale of the securitization bonds proposed to be issued.

(14) Demonstration of the proposed process to be used to correct any over collections or under collections of securitization charges.

(15) Proposed financing order.

(16) Proposed issuance advice letter for securitization bonds, if the utility plans to use such a letter.

(Indiana Utility Regulatory Commission; [170 IAC 4-10-5](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

[170 IAC 4-10-6](#) Notice to the commission, OUCC, and anticipated intervenors

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-40.5](#)

Sec. 6. (a) The electric utility shall provide notice at least 30 days prior to filing its petition to the commission by sending a letter to the secretary of the commission.

(b) The electric utility is encouraged to, prior to the filing of its petition, provide notice and meet with:

(1) the OUCC; and

(2) other anticipated intervenors.

(Indiana Utility Regulatory Commission; [170 IAC 4-10-6](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

[170 IAC 4-10-7](#) Notice to customers

Authority: [IC 8-1-1-3](#); [IC 8-1-40.5-19](#)

Affected: [IC 8-1-40.5](#)

Sec. 7. (a) No later than thirty (30) days after the filing of its petition, the electric utility shall provide notice to its customers by:

(1) posting notice on the electric utility's website; and

(2) publishing notice through an advertisement in a newspaper of general circulation in each county served by the electric utility.

(b) The notice shall state:

- (1) that the electric utility has filed with the commission a petition for a securitization financing order and the authority for a finance subsidiary to issue securitization bonds;**
- (2) the estimated total amount of the securitization bonds requested;**
- (3) the proposed securitization charges and the number of years the charges will be collected;**
- (4) the estimated net impact on customer rates;**
- (5) that interested persons may send comments to the OUCC; and**
- (6) the mailing and website addresses and toll-free telephone numbers for the OUCC and the commission.**

(Indiana Utility Regulatory Commission; [170 IAC 4-10-7](#); emergency rule filed Dec 20, 2021, 9:30 a.m.: [20211229-IR-170210538ERA](#), eff Jan 1, 2022)

SECTION 2. SECTION 1 of this document takes effect January 1, 2022.

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